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which the production area is divided and to reapportion the representation of any district on the Committee: *Provided*, That such changes shall reflect insofar as practical, shifts in oil production within the production area and numbers of producers; and

(n) To establish with the approval of the Secretary such rules and regulations as are necessary or incidental to administration of this subpart, as are consistent with its provisions, and as would tend to accomplish the purposes of this subpart and the act.

§ 985.29 Procedure.

(a) At an assembled meeting, all votes shall be cast in person and seven members of the Committee shall constitute a quorum. Decisions of the Committee shall require the concurring vote of at least six members. If both a Committee member and appropriate alternate are unable to attend a Committee meeting, the Committee may designate any other alternate from the same district who is present at the meeting to serve in the member's place.

(b) The Committee may vote by mail, telephone, telegraph, or other means of communication: *Provided*, That each proposition is explained accurately, fully, and identically to each member. All votes shall be confirmed promptly in writing. Seven concurring votes and no dissenting votes shall be required for approval of a Committee action by such method.

§ 985.30 Expenses and compensation.

Members of the Committee, their alternates, subcommittees including any special subcommittees, shall serve without compensation but shall receive such allowances for necessary expenses, incurred in performing their duties, as may be approved by the Committee.

RESEARCH

§ 985.31 Research and development projects.

The Committee, with the approval of the Secretary, may establish or provide for the establishment of production research, marketing research and development projects designed to assist, im-

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prove, or promote the marketing, distribution and consumption or efficient production of oil. The Committee shall consider ongoing research, by industry and grower organizations, in making its recommendations. The expense of such projects shall be paid from funds collected pursuant to § 985.41.

EXPENSES AND ASSESSMENTS

§ 985.40 Expenses.

The Committee is authorized to incur such expenses as the Secretary finds are reasonable and likely to be incurred by it for such purposes as the Secretary may, pursuant to this subpart, determine to be appropriate, and for the maintenance and functioning of the Committee during each marketing year. The Committee shall submit to the Secretary a budget for each marketing year, including an explanation of the items appearing therein, and a recommendation as to the rate of assessment for such year.

§ 985.41 Assessments.

(a) *Requirements for payment.* Each person who first handles salable oil shall pay to the Committee, upon demand, that handler's pro rata share of the expenses authorized by the Secretary for each marketing year. Each handler's pro rata share shall be the rate of assessment fixed by the Secretary times the quantity of oil which the handler handles as the first handler thereof. The payment of assessments for the maintenance and functioning of the Committee and for such purposes as the Secretary may, pursuant to this subpart, determine to be appropriate, may be required under this part throughout the period it is in effect, irrespective of whether particular provisions thereof are suspended or become inoperative.

(b) *Rate of assessment.* The Secretary shall fix the rate of assessment to be paid by each handler. At any time during or after the marketing year, the Secretary may increase the rate of assessment as necessary to cover authorized expenses. Such increase shall be applied to all oil handled during the applicable marketing year. In order to provide funds for the administration of

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this part before sufficient operating income is available from assessments, the Committee may accept advance assessments and may also borrow money for such purpose. Advance assessments received from a handler shall be credited toward assessments levied against the handler during the marketing year.

§ 985.42 Accounting.

(a) *Excess funds.* At the end of a marketing year, funds in excess of the year's expenses may be placed in an operating reserve not to exceed approximately one marketing year's operational expenses or such lower limits as the Committee, with the approval of the Secretary, may establish. Funds in such reserve shall be available for use by the Committee for expenses authorized pursuant to § 985.40. Funds in excess of those placed in the operating reserve shall be refunded to handlers: *Provided*, That any sum paid by a first handler in excess of that handler's pro rata share of the expenses during any marketing year may be applied by the Committee at the end of such marketing year to any outstanding obligations due the Committee from such person. Each handler's share of such excess funds shall be the amount of assessments paid in excess of that handler's pro rata share.

(b) *Disposition of funds upon termination of order.* Upon termination of this part, any funds not required to defray the necessary expenses of liquidation shall be disposed of in such manner as the Secretary may determine to be appropriate: *Provided*, That to the extent practicable, such funds will be returned pro rata to the first handler from whom such funds were collected.

VOLUME LIMITATIONS

§ 985.50 Marketing policy.

(a) The Committee shall meet on or before January 15 of each year to adopt a marketing policy for the ensuing marketing year or years. As soon as is practical following the meeting or meetings, the Committee shall submit to the Secretary recommendations for volume regulations deemed necessary to meet market requirements and establish orderly marketing conditions. Additional reports shall be submitted

to the Secretary of the Committee subsequently adopts a new or revised policy because of changes in the demand and supply situation with respect to the various classes of oil.

(b) In determining such marketing policy, Committee consideration shall include but not be limited to:

(1) The estimated quantity of salable oil of each class held by producers and handlers;

(2) The estimated demand for each class of oil;

(3) Prospective production of each class of oil;

(4) Total of allotment bases of each class of oil for the current marketing year and the estimated total of allotment bases of each class for the ensuing marketing year;

(5) The quantity of reserve oil, by class, in storage;

(6) Producer prices of oil, including prices for each class of oil;

(7) General market conditions for each class of oil, including whether the estimated season average price to producers is likely to exceed parity.

(c) Notice of the marketing policy recommendations for a marketing year and any later changes shall be announced publicly by the Committee, and be submitted promptly to the Secretary and all producers and handlers. The Committee shall publicly announce its marketing policy or revision thereof and notice and contents thereof shall be submitted to producers and handlers by bulletins or through appropriate media.

(d) As soon as practicable following the effective date of this subpart and the organization of the Committee, the Committee may adopt a marketing policy for the 1980-81 marketing year.

§ 985.51 Recommendations for volume regulation.

(a) If the Committee's marketing policy considerations indicate a need for limiting the quantity of oil of each class marketed, the Committee shall recommend to the Secretary a salable quantity and allotment percentage for the ensuing marketing year. Such recommendations shall be made prior to February 15, or such other date as the Committee, with the approval of the Secretary, may establish.